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Copy 8 of 8

26 February 1963

**MEMORANDUM FOR THE RECORD**

**SUBJECT :** Meeting with Mr. Najeeb E. Halaby, 21 February 1963

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1. [redacted] Chief, Security Branch, Office of Special Activities, and the undersigned sought a meeting with Mr. Halaby the morning of 21 February in connection with the late January article appearing in the "Cross Country News", an aviation publication in Texas, speculating upon the existence of a Lockheed SST and relating it specifically to Mr. Halaby's apparent lack of interest in advancing beyond a study stage the FAA SST proposals. [redacted] is reporting separately on the security implications of this article and Mr. Halaby's general reaction to it, which by the way was that it was quite largely educated speculation.

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2. Mr. Halaby did mention in some detail recent conversations with Mr. Gilpatric, the Vice President, Dr. Wiesner, and a limited circle of other senior Government officials concerned with the development of an American SST. In the course of these discussions, it has become apparent that the one critical factor affecting whether or not the United States Government moves ahead with an SST is the amount of subsidy which will be requested from the Government to develop it and make it commercially palatable to the airlines. This means then that the real problem is going to be determining what the cost of such SST will prove out to be. It should be noted here that in contrast to the British/French SST venture where 2.5 Mach using conventional aluminium is the outside dimension, the U. S. SST proposal envisions a commercial aircraft capable of from 3.0 to 3.5 Mach using titanium and other exotic metals.

3. Mr. Halaby said that at the present time the Rand Corporation is one of several organizations actively concerned with attempting to cost out a commercial U. S. SST. One of their senior statisticians, whose name Mr. Halaby could not immediately recall, is working actively on this requirement for FAA. He is the same gentleman who has done similar studies in

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the past on the B-58 and the B-70. Mr. Halaby feels that the FAA report due in the President's hands in early May would be greatly enhanced and much more effective if this individual could be given a limited OXCART clearance which would enable him to talk direct with Kelly Johnson about costs of production work in titanium and other economic manifestations of the SST problem. Mr. Halaby said that Mr. Gilpatrick had informally concurred with his, Halaby's, suggestion that such a clearance be granted, but Halaby added that he would want to discuss this with Mr. McCone first as soon as he could assemble his facts and give them to us as a package.

4. I told Mr. Halaby that we had long envisioned some inferential fall-out to occur beneficial to the United States effort from our OXCART endeavors, and as long as the information Kelly Johnson gave was sufficiently beclouded in the final report so that it could not be traced to its source, I felt this type of request could be accommodated. Mr. Halaby seemed quite pleased by my reaction, although I hastened to point out to him that in the last analysis the DCI would be the one to make judgement on this matter. We terminated the conversation by his statement that on [redacted] return about 25 February, he would see that a package was assembled covering his requirement which he would then send to the undersigned, presumably for staffing to the Director.

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[redacted]  
JAMES A. CUNNINGHAM, JR.  
Deputy Assistant Director  
(Special Activities)

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cc: [redacted]  
DD/R

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